

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

212 HANOVER 2-3000

TELEX
RCA 233663
WUD 125547
WUI 620976

MAURICE T. MOORE
WILLIAM B. MARSHALL
RALPH L. MCAFEE
ROYALL VICTOR
HENRY W. DEKOSMIAN
ALLEN F. MAULSBY
STEWART R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA
JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY

DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENDEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN
WILLIAM P. DICKEY
STUART W. GOLD
JOHN W. WHITE

COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER

ROSWELL L. GILPATRICK
L. R. BRESLIN, JR.
GEORGE S. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON
ALLEN H. MERRILL

4, PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX: 290530

33 THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 01-606-1421
TELEX: 6614901

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

RECEIVED
JUL 14 3 23 PM '80
I. C. C.
FEE OPERATION BR.

11996
RECORDATION NO. Filed 1425

JUL 14 1980 - 4 PM
INTERSTATE COMMERCE COMMISSION

0-196A071
No. JUL 14 1980
Date
Fee \$ 100.00
ICC Washington, D. C.

11996
RECORDATION NO. Filed 1425
JUL 14 1980 - 4 PM
JUL 11, 1980

11996
RECORDATION NO. Filed 1425
JUL 14 1980 - 4 PM
INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION
The Dow Chemical Company
Lease Financing Dated as of June 15, 1980
11-5/8% Conditional Sale Indebtedness Due 2001

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of The Dow Chemical Company for filing and recordation counterparts of the following documents:

(1) (a) Conditional Sale Agreement dated as of June 15, 1980, between First Security State Bank, as Trustee, and each of General Motors Corporation (Electro-Motive Division), ACF Industries, Incorporated, and General American Transportation Corporation; and

(b) Agreement and Assignment dated as of June 15, 1980, between Mercantile-Safe Deposit and Trust Company, and each of General Motors Corporation (Electro-Motive Division), ACF Industries, Incorporated, and General American Transportation Corporation.

(2) (a) Lease of Railroad Equipment dated as of June 15, 1980, between The Dow Chemical Company and First Security State Bank, as Trustee; and

(b) Assignment of Lease and Agreement dated as of

Angus McEwen

Constance

New No.

- A

- B

- C

June 15, 1980, between First Security State Bank, as Trustee, and Mercantile-Safe Deposit and Trust Company, as Agent.

The names and addresses of the parties to the aforementioned Agreements are as follows:

(1) Vendor-Assignee-Agent:

Mercantile-Safe Deposit and Trust Company,
2 Hopkins Plaza,
Baltimore, Maryland 21203.

(2) Trustee:

First Security State Bank,
79 South Main Street,
Salt Lake City, Utah 84111.

(3) Builders-Vendors:

ACF Industries, Incorporated,
750 Third Avenue,
New York, N. Y. 10017

General Motors Corporation
(Electro-Motive Division),
La Grange, Illinois 60525.

General American Transportation Corporation,
120 South Riverside Plaza,
Chicago, Illinois 60606.

(4) Lessee:

The Dow Chemical Company,
2020 Dow Center,
Midland, Michigan 48640.

Please file and record the documents referred to in this letter and cross-index them under the names of the Vendor-Assignee-Agent, the Trustee, the Builders-Vendors and the Lessee.

The equipment covered by the aforementioned documents consists of the following:

6 20,000 gal. capacity tank cars, AAR Mechanical Designation T, bearing identifying numbers of the Lessee 3258-3263, all inclusive;

58 33,500 gal. capacity tank cars, AAR Mechanical Designation T, bearing identifying numbers of the Lessee 8169-8226, all inclusive;

22 21,000 gal. capacity tank cars, AAR Mechanical Designation T, bearing identifying numbers of the Lessee 4535-4556, all inclusive;

31 11,000 gal. capacity tank cars, AAR Mechanical Designation T, bearing identifying numbers of the Lessee 4504-4534, all inclusive;

5 1,000 h.p. diesel electric locomotives, AAR Mechanical Designation SW1001, bearing identifying numbers of the Lessee 1001-1003 and SW1-2, all inclusive; and

37 100-ton capacity covered hopper cars, AAR Mechanical Designation LO, bearing identifying numbers of the Lessee DOWX 2674-2710, all inclusive.

There is also enclosed a check for \$100 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document) and the Lease of Railroad Equipment and related Assignment of Lease and Agreement (together constituting one document).

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,



Kevin J. Grehan
As Agent for
The Dow Chemical Company

Agatha L. Mergenovich, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

See - P for
CSA#5

T1996

RECORDATION NO. Filed 1425

JUL 14 1980 - 5 11 PM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref: 3626-011]

CONDITIONAL SALE AGREEMENT

Dated as of June 15, 1980

among

FIRST SECURITY STATE BANK, as Trustee
under a Trust Agreement,
Vendee,

and each of

GENERAL MOTORS CORPORATION
(Electro-Motive Division),

GENERAL AMERICAN TRANSPORTATION CORPORATION

and

ACF INDUSTRIES, INCORPORATED

[CS&M Ref: 3626-011]

CONDITIONAL SALE AGREEMENT

Dated as of June 15, 1980

among

FIRST SECURITY STATE BANK, as Trustee
under a Trust Agreement, Vendee,

and each of

GENERAL MOTORS CORPORATION
(Electro-Motive Division),

GENERAL AMERICAN TRANSPORTATION CORPORATION

and

ACF INDUSTRIES, INCORPORATED

TABLE OF CONTENTS

	<u>Page No.</u>
ARTICLE 1. Assignment; Definitions	C-1
ARTICLE 2. Construction and Sale	C-2
ARTICLE 3. Inspection and Delivery	C-3
ARTICLE 4. Purchase Price and Payment	C-5
ARTICLE 5. Security Interest in the Equipment	C-10
ARTICLE 6. Taxes	C-11
ARTICLE 7. Maintenance, Termination and Casualty Occurrences	C-11
ARTICLE 8. Reports and Inspections	C-14
ARTICLE 9. Marking of Equipment	C-14
ARTICLE 10. Compliance with Laws and Rules	C-15
ARTICLE 11. Possession and Use	C-15
ARTICLE 12. Prohibition Against Liens	C-16
ARTICLE 13. Indemnities and Warranties	C-17
ARTICLE 14. Assignments	C-18
ARTICLE 15. Defaults	C-19
ARTICLE 16. Remedies	C-22
ARTICLE 17. Applicable State Laws	C-27
ARTICLE 18. Recording	C-27
ARTICLE 19. Article Headings; Effect and Modification of Agreement	C-27
ARTICLE 20. Notice	C-28
ARTICLE 21. Immunities; Satisfaction of Undertakings	C-28
ARTICLE 22. Law Governing	C-29
ARTICLE 23. Execution	C-30
SCHEDULE I Amortization Schedule	C-34
ANNEX A Information Concerning Equipment	C-36
ANNEX B Schedule of Equipment	C-42

CONDITIONAL SALE AGREEMENT dated as of June 15, 1980, among GENERAL MOTORS CORPORATION (Electro-Motive Division), a Delaware corporation, GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation, and ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (collectively the "Vendors" or "Builders" or individually the "Vendor" or the "Builder" as more particularly set forth in Article 1 hereof), and FIRST SECURITY STATE BANK, acting not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called "Vendee") acting under a Trust Agreement dated as of the date hereof ("Trust Agreement") with FIRST SECURITY BANK OF UTAH, N.A. ("Owner").

The Builders severally agree to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto other than equipment excluded pursuant to Article 3 hereof (the "Equipment").

The Vendee is entering into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") with THE DOW CHEMICAL COMPANY (the "Lessee"), substantially in the form of Annex C hereto.

Mercantile-Safe Deposit and Trust Company (the "Assignee" or "Vendor") is acting as agent for an institutional investor (the "Investor", and, together with its successors and assigns, the "Investors") pursuant to the Participation Agreement dated as of the date hereof (the "Participation Agreement") among the Assignee, the Vendee, the Lessee and the Investor.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish that portion of the Purchase Price (as hereinafter defined) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price as is payable

hereunder shall be paid to the Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof (the "CSA Agreement") between the Builder and the Assignee.

The term "Vendor", whenever used in this Agreement, means, before any assignment of their rights hereunder, the parties hereto which have manufactured the Equipment and any successor or successors for the time being to their respective manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, one of the parties hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder", "the Builder", or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Schedule A hereto or its successor, such right or obligation shall be construed to accrue to or be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title, and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (the "Lease Assignment"), and the Lessee shall consent thereto pursuant to the Consent and Agreement in the form attached to Annex D (the "Consent").

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the Equipment at its plant set forth in Annex B hereto (such Equipment with respect to each Builder being hereinafter sometimes

called "its Equipment"), and each Builder will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as herein-after provided), such Builder's Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between the applicable Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as then being applicable to each such unit of Equipment, and each such unit will be new railroad equipment.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Vendee at the place or places specified in Annex B hereto (or at such other place or places designated from time to time by Lessee on behalf of the Vendee), freight and storage charges, if any, prepaid and included in the Purchase Price, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that any unit of Equipment which is delivered prior to the filing of this Agreement and the Lease pursuant to 49 U.S.C. § 11303 shall be excluded from this Agreement, and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment; and provided, further, that neither Builder shall have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, would constitute such an event of default. Each Builder agrees not to deliver any unit of Equipment hereunder (a) following receipt of written notice from the Vendee or the Assignee of the commencement of any such proceedings or the occurrence of any such event, as aforesaid, and (b) until such Builder receives notice from the Assignee and the Vendee, respectively, that the conditions contained in Paragraphs 6 and 7, respectively, of the Participation Agreement have been met or waived.

Any Equipment delivered prior to the filing of this Agreement and the Lease pursuant to 49 U.S.C. § 11303 and any Equipment not delivered at the time of receipt by the Builder of the notice specified in clause (a) of the second sentence of the first paragraph of this Article 3 and any Equipment not delivered and accepted hereunder on or prior to December 31, 1980, shall be excluded from this Agreement, and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the Builder thereof and the Vendee shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. Pursuant to the Participation Agreement the Lessee has agreed to purchase such excluded Equipment and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof from the Builder thereof as provided in Paragraph 1 of the Participation Agreement.

Each Builder's obligation as to the time of delivery set forth in Schedule B is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee), and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of its Equipment in accordance with the standard quality control practices of such Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder thereof a certificate of acceptance (the "Certificate of Acceptance"), stating that such unit

or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof.

On delivery and acceptance of each such unit hereunder at the place specified for delivery, the Builder thereof shall not have any further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely as trustee for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof, the Vendee, and the Lessee. The term "Purchase Price" as used herein shall mean such base price or prices as so increased or decreased (as set forth in the invoice or invoices of the Builder thereof which shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the appropriate Builder or Builders (and any assignee of such Builder or Builders) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of

Equipment then proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as aforesaid), and the Vendee shall take such other steps, including the execution of instruments of transfer, as it may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a Group). The term "Closing Date" with respect to any Group shall mean such date or dates (not later than December 30, 1980, such later date being herein called the "Final Closing Date"), occurring not more than 10 business days following presentation by the Builder to the Vendee of the Invoices and of the Certificate or Certificates of Acceptance for the Equipment and written notice thereof by the Builder to the Lessee, as shall be fixed by the Lessee by written notice delivered to the Vendee and the Assignee at least four business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, San Francisco, California, or Chicago, Illinois, are authorized or obligated to remain closed. On each Closing Date, each Builder will be paid the Purchase Price for its Equipment then being settled for in the manner and subject to the conditions set forth in Section 4 of the CSA Assignment.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay or cause to be paid in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) not later than 1:00 p.m., Baltimore time, on the Closing Date with respect to each Group (i) an amount equal to 25.25% of the aggregate Purchase Price of Equipment included in such Group represented by the Invoice or Invoices of the Builder therefor (the "Invoiced Purchase Price") plus (ii) the amount, if any, by which (x) the remainder of the Purchase Price of all units of the Equipment covered by this Agreement for which settlement has theretofore and is then

being made, as set forth in the Invoice or Invoices therefor exceeds (y) the Maximum Conditional Sale Indebtedness specified in Item 6 of Annex A and any amount or amounts previously paid or payable with respect to the Purchase Prices pursuant to this Clause (ii); and

(b) in 40 semiannual installments, as hereinafter provided, an amount equal to the balance of the Purchase Price specified in subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (the "CSA Indebtedness") shall be payable in 40 consecutive semiannual installments commencing July 1, 1981, to and including January 1, 2001 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a "Payment Date". The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 11-5/8% per annum. Such interest shall be payable, to the extent accrued, on January 1 and July 1 of each year commencing January 1, 1981; provided, however, the Vendee shall have the option of prepaying any such interest payment on the business day prior to the date so due in the full amount that would otherwise be due on the scheduled due date. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto, and such installments of principal will completely amortize the CSA Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of 12 30-day months, except that the interest due on January 1, 1981, and interest due pursuant to the next succeeding paragraph shall be determined on an actual elapsed day, 365-day year basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 12-5/8% per annum.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due.

The obligation of the Vendee to pay to the Vendor the amount required to be paid pursuant to subparagraph (a) of the third paragraph of this Article 4 with respect to any Group shall be subject to the receipt by the Vendee of copies of the documents required to be furnished by the relevant Builder pursuant to Section 4 of the CSA Assignment in respect of such Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof) but not limiting the effect of Article 21 hereof, it is understood and agreed by the Vendor that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement or the performance of its obligations hereunder and excluding only the obligations set forth in the proviso in the third paragraph of Article 12 hereof, the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article and the interest payable on the CSA Indebtedness due January 1, 1981, pursuant to the fourth paragraph of this Article 4, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences or Terminations (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the

Lease (other than indemnity payments paid or payable under § 9 of the Lease and taxes and indemnities paid or payable to the Vendee under § 6 of the Lease) and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or Terminations) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that (1) "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or Voluntary Terminations) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease, (2) "income and proceeds from the Equipment" shall also mean and include the amounts to be paid by the Vendee pursuant to Paragraph 17 of the Participation Agreement and (3) "income and proceeds from the Equipment" shall in no event include the amounts paid pursuant to § 3 of the Lease on any rental payment date if, but only if, the Vendee has made the payment of CSA Indebtedness and interest due on the immediately preceding December 30 or June 30, as the case may be, pursuant to this Article 4. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability

of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment.

The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by net income, excess profits taxes and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its ownership thereof (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance, Termination and Casualty Occurrences. The Vendee shall, at its own cost and expense,

maintain and keep each unit of the Equipment in good operating order, repair and condition.

In the event that the Lease is terminated voluntarily pursuant to § 7 of the Lease as to any Unit (hereinafter called a "Termination") or any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Vendee or the Lessee, irreparably damaged, from any cause whatsoever, or any unit shall be taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government (any such occurrence being herein called a "Casualty Occurrence"), the Vendee shall, promptly after it shall have received notice from the Lessee or has otherwise been informed of a Termination or that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the Casualty Date (as defined in the Lease) in the case of a Casualty Occurrence or on the Termination Date (as defined in the Lease) in the case of a Termination (each such date hereinafter called a "Settlement Date"), the Vendee shall, subject to the limitations contained in the last paragraph of Article 4 hereof, pay to the Vendor (i) in the case of a Casualty Occurrence, a sum equal to the Casualty Value (as hereinafter defined in this Article 7) of such unit suffering a Casualty Occurrence as of such Settlement Date, together with an amount equal to accrued interest thereon (as hereinafter provided) and (ii) in the case of a Termination, a sum equal to the Termination Value (as hereinafter defined in this Article 7) of such unit subject to such Termination as of such Settlement Date. The Vendee shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit or the Termination Value of such unit, as the case may be. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal due on such date) on the date of such payment to prepay without penalty or premium (except in the case of a Termination if such unit is surplus) ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness, together with all interest accrued on the portion of the CSA Indebtedness being prepaid. The Vendee shall promptly cause to be furnished to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request, calculated as provided in Article 4 hereof. In the event of the requisition for use by the United States Government of any unit of the Equipment, all of the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

The Casualty Value of each unit of the Equipment shall be deemed to be that portion of the original Purchase Price thereof referred to in subparagraph (b) of the third paragraph of Article 4 hereof remaining unpaid on the date (after the payment of the interest and principal due on such date) as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit). For the purpose of this paragraph and the next succeeding paragraph hereof, each payment of the Purchase Price made pursuant to Article 4 hereof shall be deemed to be a payment with respect to each unit of Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the Equipment.

The Termination Value of any unit shall be (a) if the unit is obsolete an amount equal to the Casualty Value or (b) if the unit is surplus an amount equal to the sum of (i) the Casualty Value thereof plus (ii) a prepayment penalty premium equal to the product of the multiplication of such Casualty Value by the applicable percentage set forth below:

<u>Settlement Date</u>	<u>Percentage</u>
January 1, 1991	5.0%
July 1, 1991	5.0
January 1, 1992	4.4
July 1, 1992	4.4
January 1, 1993	3.9
July 1, 1993	3.9
January 1, 1994	3.3
July 1, 1994	3.3
January 1, 1995	2.8
July 1, 1995	2.8
January 1, 1996	2.2
July 1, 1996	2.2
January 1, 1997	1.7
July 1, 1997	1.7
January 1, 1998	1.1
July 1, 1998	1.1
January 1, 1999	.6
July 1, 1999	.6
January 1, 2000	.0
July 1, 2000	.0
January 1, 2001	.0

Upon payment by the Vendee to the Vendor (i) of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence or (ii) of the Termination

Value of any unit subject to a Termination, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to the Vendor having received payment of the Casualty Value hereunder, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation payments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 8. Reports and Inspections. On or before April 30 in each year, commencing with the year 1981, the Vendee shall cause to be furnished to the Vendor an accurate statement to the effect set forth in § 8 of the Lease. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement, subject to the Lessee's applicable secrecy, safety and security regulations for the property involved.

ARTICLE 9. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with the road number and marked as provided in § 5 of the Lease. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, obliterated, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and

deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any permitted sublessees.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or modification of or to any part of any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Vendee or its successors or assigns, not arising out of the transactions contemplated hereby (but including taxes arising out of the receipt of the rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interest in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, ad-

versely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto or a security interest therein remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of any Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by such Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder (except as provided in Article 21 hereof) in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

Each Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement and the rights of the Lessee under the Lease.

Each Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to each Builder's warranty of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Items 3 and 4 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment or (b) without the prior written consent of the Vendor sell, assign, transfer or otherwise dispose of its rights under this Agreement except as provided in the Trust Agreement. Any such sale, assignment, transfer or disposition which may be made by the Vendee to another party shall be subject to the assumption by such party of all the obligations of the Vendee hereunder.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve either Builder from, any of the obligations of such Builder to construct and deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Vendee of its obligations to such Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in

and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of any Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by any Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builders.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for 15 days after the date such payment is due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the

Lessee shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee, the Owner or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder, the Owner under the Participation Agreement or the Trust Agreement or of the Lessee under the Lease or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations of the Vendee, the Owner or of the Lessee, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Vendee, the Owner or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(d) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; or

(e) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease; provided, however, that an Event of Default under clause (A) of § 10 of the Lease shall not be deemed to be an event of default hereunder if (1) within the 15 business days period provided by subparagraph (a) of this Article 15, the Vendee shall make payment of all amounts in default under said paragraph (a) hereunder, (2) there is no other event of default under this Article 15 and (3) not more than 3 such Events of Default shall have occurred and not more than 2 such Events of Default shall have occurred on consecutive dates;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) subject to the proviso in the second paragraph of § 4 of the Lease relating to the Lessee's rights of possession, use and assignment under § 12 of the Lease, cause the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination, provided, however, that such termination shall not be in derogation of or impair the rights of the Vendee to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under § 10 of the Lease (subject to the Vendor's rights to repossess and sell the Equipment as provided herein), including the rights of the Vendee to sue for and recover damages provided for in § 11(a) of the Lease upon the occurrence of an Event of Default under the Lease, and/or (ii) declare (hereinafter called a "Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as

aforesaid, and to collect such judgment out of any property of the Vendee, subject to the provisions of Article 4 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event of which it has knowledge which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. Subject to the Lessee's rights of possession, use and assignment under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment

to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee or, at the expense of the Vendee, upon any other storage tracks, as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on any lines of railroad or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof

as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest

thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Vendee or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale not less than 10 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 railroads have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Vendee to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees,

and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish or cause to be furnished to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for

convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses

(a) to the Vendee, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department,

(b) to the Lessee at 2020 Dow Center, Midland, Michigan 48640, Attention of Treasurer-Dow Chemical, U.S.A.,

(c) to a Builder, at its address specified in Item 1 of Annex A hereto,

(d) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second paragraph of Article 16 and under Articles 3, 6, 7 (other than the second and third sentences of the second paragraph thereof to the extent that certificates or payment schedules are required to be prepared and furnished therein), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof), 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

Anything herein to the contrary notwithstanding, each and all of the representations, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, undertakings and agreements by the financial institution acting as Vendee hereunder, or for the purpose or with the intention of binding said financial institution personally but are made and intended for the purpose of binding the Trust Estate as defined in the Trust Agreement to the extent provided herein, and this Agreement is executed and delivered by the said financial institution solely in the exercise of the powers expressly conferred upon the said financial institution as trustee under the Trust Agreement; and no personal liability or responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution or the Owner on account of any representation, undertaking or agreement hereunder of said financial institution acting in its capacity as Vendee or the Owner either expressed or implied, except as provided in the parenthetical clause contained in the first sentence of the last paragraph of Article 4 hereof; all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to the Trust Estate for satisfaction of the same.


ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall

be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the CSA Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

GENERAL MOTORS CORPORATION
(Electro-Motive Division)

by 
Vice President

[CORPORATE SEAL]

Attest:


Assistant Secretary

GENERAL AMERICAN TRANSPORTA-
TION CORPORATION,

by

[CORPORATE SEAL]

Authorized Officer

Attest:

Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

[CORPORATE SEAL]

Authorized Officer

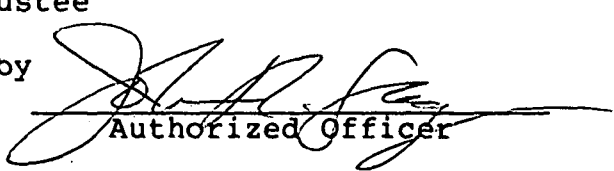
Attest:

Assistant Secretary

FIRST SECURITY STATE BANK,
not in its individual
capacity, but solely as
Trustee

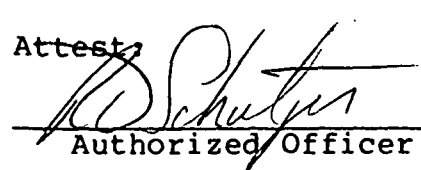
by

[CORPORATE SEAL]



Authorized Officer

Attest:



Authorized Officer

GENERAL AMERICAN TRANSPORTA-
TION CORPORATION,

by

[CORPORATE SEAL]

Authorized Officer

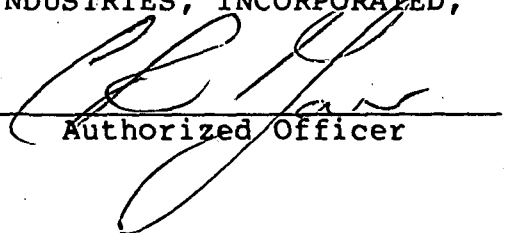
Attest:

Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

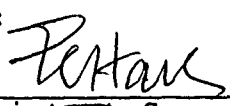
by

[CORPORATE SEAL]



Authorized Officer

Attest:



~~Assistant~~ Secretary

FIRST SECURITY STATE BANK,
not in its individual
capacity, but solely as
Trustee

by

[CORPORATE SEAL]

Authorized Officer

Attest:

Authorized Officer

by

[CORPORATE SEAL]

Attest:

Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

Authorized Officer

[CORPORATE SEAL]

Attest:

Assistant Secretary

FIRST SECURITY STATE BANK,
not in its individual
capacity, but solely as
Trustee

by

Authorized Officer

[CORPORATE SEAL]

Attest:

Authorized Officer

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of GENERAL MOTORS CORPORATION (Electro-Motive Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

Notary Public

My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 11 day of NOV 1980, before me personally appeared ALFRED S. AUSCHL, to me personally known, who, being by me duly sworn, says that he is a TREASURER of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

Notary Public

My Commission expires October 5 1981

STATE OF ILLINOIS,)

) SS.:

COUNTY OF COOK,)

On this 10th day of July, 1980, before me
personally appeared P. K. HOCKING

P. K. HOGELUND

[Notarial Seal]

J. K. Porecki

Notary Public

My Commission expires

My Commission Expires September 18, 1983

STATE OF ILLINOIS,)

) SS.:

COUNTY OF COOK,)

On this day of 1980, before me personally appeared , to me personally known

, to me personally known,

who, being by me duly sworn, says that he is a

of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

Notary Public

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

Notary Public

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this *10th* day of *July* 1980, before me personally appeared *John R. Dager*, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank as Trustee by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

[Notarial Seal]

Karla Hendry

Notary Public

My Commission expires *March 12, 1983*

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 10th day of July 1980, before me personally appeared **C. R. GARR**, to me personally known, who, being by me duly sworn, says that he is a **VICE PRESIDENT** of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

My Commission expires

Olivia E. Walsh

Notary Public

OLIVIA E. WALSH
Notary Public, State of New York
No. 31-9520300
Qualified in New York County
Commission Expires March 30, 1982

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank as Trustee by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

[Notarial Seal]

My Commission expires

Notary Public

SCHEDULE I

Allocation Schedule of Each \$1,000,000 of 11-5/8% CSA Indebtedness Payable in Installments

<u>Payment Number</u>	<u>Date</u>	<u>Debt Service</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Remaining Principal Balance</u>
Interim	1 Jan. 81	*	*	*	\$1,000,000.00
1	1 July 81 \$	62,903.19 \$	58,125.00 \$	4,778.19	995,221.81
2	1 Jan. 82	66,286.29	57,847.27	8,439.02	986,782.79
3	1 July 82	66,286.29	57,356.75	8,929.54	977,853.25
4	1 Jan. 83	66,286.29	56,837.72	9,448.57	968,404.68
5	1 July 83	66,286.29	56,288.52	9,997.77	958,406.91
6	1 Jan. 84	66,286.29	55,707.40	10,578.89	947,828.02
7	1 July 84	66,286.29	55,092.50	11,193.79	936,634.23
8	1 Jan. 85	66,286.29	54,441.86	11,844.43	924,789.81
9	1 July 85	66,286.29	53,753.41	12,532.88	912,256.93
10	1 Jan. 86	66,286.29	53,024.93	13,261.36	898,995.57
11	1 July 86	66,286.29	52,254.12	14,032.17	884,963.40
12	1 Jan. 87	66,286.29	51,438.50	14,847.79	870,115.61
13	1 July 87	66,286.29	50,575.47	15,710.82	854,404.79
14	1 Jan. 88	66,286.29	49,662.28	16,624.01	837,780.77
15	1 July 88	66,286.29	48,696.01	17,590.28	820,190.49
16	1 Jan. 89	66,286.29	47,673.57	18,612.72	801,577.77
17	1 July 89	66,286.29	46,591.71	19,694.58	781,883.19
18	1 Jan. 90	66,286.29	45,446.96	20,839.33	761,043.86
19	1 July 90	66,286.29	44,235.67	22,050.62	738,993.25
20	1 Jan. 91	66,286.29	42,953.98	23,332.31	715,660.94
21	1 July 91	72,219.69	41,597.79	30,621.90	685,039.04
22	1 Jan. 92	72,183.59	39,817.89	32,365.70	652,673.34
23	1 July 92	62,852.66	37,936.64	24,916.02	627,757.32
24	1 Jan. 93	62,778.18	36,488.39	26,289.78	601,467.54
25	1 July 93	59,256.28	34,960.30	24,295.98	577,171.56
26	1 Jan. 94	59,167.07	33,548.10	25,618.97	551,552.58
27	1 July 94	57,832.25	32,058.99	25,773.26	525,779.33
28	1 Jan. 95	57,737.22	30,560.92	27,176.29	498,603.03
29	1 July 95	56,353.74	28,981.30	27,372.44	471,230.59

* Interest only on the CSA Indebtedness shall be payable to the extent accrued on this date.

SCHEDULE I
(Continued)

<u>Payment Number</u>	<u>Date</u>	<u>Debt Service</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Remaining Principal Balance</u>
30	1 Jan. 96 \$	56,252.66 \$	27,390.28 \$	28,862.38 \$	442,368.21
31	1 July 96	54,783.85	25,712.65	29,071.20	413,297.01
32	1 Jan. 97	54,676.34	24,022.89	30,653.45	382,643.56
33	1 July 97	53,116.45	22,241.16	30,875.30	351,768.26
34	1 Jan. 98	53,002.15	20,446.53	32,555.61	319,212.65
35	1 July 98	51,345.57	18,554.24	32,791.34	286,421.31
36	1 Jan. 99	51,224.03	16,648.24	34,575.79	251,845.52
37	1 July 99	66,268.28	14,638.52	51,629.76	200,215.76
38	1 Jan. 00	81,016.72	11,637.54	69,379.18	130,836.58
39	1 July 00	81,016.72	7,604.88	73,411.84	57,424.74
40	1 Jan. 01	60,762.55	3,337.81	57,424.74	-.00
Totals		\$2,583,001.20	\$1,583,001.21	\$1,000,000.00	

Annex A

to

Conditional Sale Agreement

- Item 1: (a) General Motors Corporation (Electro-Motive Division), a Delaware corporation, having an address at La Grange, Illinois 60525 ("EMD").
- (b) General American Transportation Corporation, 120 South Riverside Plaza, Chicago, Illinois 60606, attention of Law Department ("GATC").
- (c) ACF Industries, Incorporated, 750 Third Avenue, New York, N. Y. 10017, attention of Mr. R. W. Montgomery ("ACF").
- Item 2: Unless the parties shall otherwise agree, the Equipment shall be settled for in not more than six Groups.
- Item 3: (a) EMD warrants that the Equipment manufactured by it hereunder is of the kind and quality described in, or will be built in accordance with, the Specifications referred to in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (this "Agreement") and is suitable for the ordinary purposes for which such Equipment is used and warrants each unit of such Equipment to be free from defects in material and workmanship which may develop under normal use and service within two years from date of delivery of such unit or before such unit has been operated 250,000 miles, whichever event shall first occur. EMD agrees to correct such defects, which examination shall disclose to EMD's satisfaction to be defective, by repair or replacement F.O.B. factory and such correction shall constitute fulfillment of EMD's obligation with respect to such defect under this warranty.

EMD warrants specialties not of its own specification or design to the same extent that the suppliers of such specialties warrant such items to EMD.

EMD further agrees with the Vendee that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or modification by the Vendee of any of its rights under this Item 3.

(b) GATC warrants that the Equipment built by it hereunder will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (this "Agreement") and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by GATC) and workmanship under normal use and service. If any unit of the Equipment covered by the above warranty does not meet the above warranty, within one year after the date of the acceptance of such unit by the Vendee, GATC shall thereupon correct such defect (including nonconformance with the requirements, Specifications and standards set forth in Article 2 of this Agreement), either by (1) repairing or replacing such defective part or parts of any unit of the Equipment, provided that the Vendor or the Lessee notifies GATC in writing promptly after discovery of such defect, and at the expense of the Lessee, makes such defective unit or units of the Equipment promptly available at such GATC's plant for any repair, or by (2) making available at such GATC's plant the necessary repaired or replacement parts, as appropriate and agreed to by the parties.

(c) ACF warrants that the Equipment built by it will be built in accordance with the Specifications and the standards and requirements set forth in Article 2 of the Conditional Sale Agreement to which this Annex is attached (this "Agreement") and warrants that the Equipment built by it will be free from defects in material (except as to articles or materials incorporated therein which have been furnished by the Lessee or by a supplier or suppliers specified by the

Lessee) and workmanship under normal use and service. ACF's obligation with respect to any unit of its Equipment shall be limited to repairing or replacing at ACF's plant any part or parts of such unit which shall, within one year after the delivery of such unit, be returned to ACF with transportation charges prepaid, and which examination by ACF shall disclose to its satisfaction to have been defective.

(d) EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF EACH BUILDER UNDER ARTICLES 2, 3, 4 AND 13 OF THE AGREEMENT, THE FOREGOING WARRANTY OF EACH BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, LIABILITY FOR LOST PROFIT OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES, AND NO BUILDER ASSUMES OR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IT IS FURTHER UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL ANY BUILDER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND.

Each Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

Item 4: (a) EMD shall defend any suit or proceeding brought against the Vendee, the Lessee and/or each assignee of EMD's rights under this Agreement so far as the same is based on a claim that the Equipment of EMD's specification, or any part thereof, furnished under this Agreement constitutes an infringement of any patent, if notified promptly in writing and given authority, information and assistance (at EMD's expense) for the defense of same, and EMD shall pay all damages and costs awarded therein against the Vendee, the Lessee and/or any such assignee.

In case any unit of such Equipment, or any part

thereof, is in such suit held to constitute infringement and the use of such unit or part is enjoined, EMD shall at its option and at its own expense either procure for the Vendee, the Lessee and any such assignee the right to continue using such unit or part, or replace the same with non-infringing equipment subject to this Agreement, or modify it so it becomes noninfringing, or remove such unit and refund the Purchase Price and the transportation and installation costs thereof. If the Purchase Price is so refunded, such refund shall be made to the assignee of EMD's rights under this Agreement if this Agreement has been so assigned, which refund to the extent of the unpaid CSA Indebtedness, shall be applied in like manner as payments in respect of Casualty Occurrences under Article 7 of this Agreement and, as long as no event of default or event which with the lapse of time and/or demand could constitute an event of default under this Agreement shall have occurred and be continuing, the balance shall be paid by such assignee to the Vendee.

EMD will assume no liability for patent infringement by reason of purchase, manufacture, sale or use of devices not included in and covered by its specification.

(b) GATC agrees to indemnify, protect and hold harmless the Vendee and the Lessee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee or the Lessee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right, except any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee or the Lessee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination specified by the Lessee and not developed or purported to be developed by GATC or

any article or material specified by the Lessee and not manufactured by GATC. GATC agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Lessee every claim, right and cause of action which GATC has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Lessee and purchased or otherwise acquired by GATC for use in or about the construction or operation of any of its Equipment, on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner.

(c) Except in cases of articles or materials specified by the Lessee and not manufactured by ACF and in cases of designs, systems, processes, formulae or combinations specified by the Lessee and not developed or purported to be developed by ACF, ACF agrees to indemnify, protect and hold harmless the Vendee and the Lessee from and against any and all liability, claims, costs, charges and expense, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee or the Lessee, their assigns or the users of its Equipment, because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Vendee and the Lessee will give prompt notice to ACF of any claim known to them, respectively, from which liability may be charged against ACF hereunder. At its expense and cost, ACF with its counsel shall defend such claim. The Vendee and the Lessee shall provide such information as they may possess reasonably to enable ACF to defend such claim. ACF agrees to and hereby does, to the

extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Vendee and the Lessee every claim, right and cause of action which ACF has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Lessee and purchased or otherwise acquired by ACF for use in or about the construction or operation of any of its Equipment on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. ACF further agrees to execute and deliver to the Vendee and the Lessee or the users of its Equipment all and every such further assurance as may be reasonably requested more fully to effectuate the assignment and delivery of every such claim, right and cause of action. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

- Item 5: The Maximum Purchase Price referred to in Article 4 of the CSA to which this Annex A is attached is \$13,223,000 plus 133.779% of the amount by which the Investor's commitment is increased pursuant to Paragraph 2 of the Participation Agreement.
- Item 6: The Maximum CSA Indebtedness referred to in Article 4 of the CSA to which this Annex A is attached is \$9,884,193 plus the amount by which the Investor's commitment is increased pursuant to Paragraph 2 of the Participation Agreement.

ANNEX B
TO
CONDITIONAL SALE AGREEMENT

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Builder's Specifi- cations</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Identi- fication Numbers (Both Inclusive)</u>	<u>Estimated Unit Base Price</u>	<u>Estimated Total Base Price</u>	<u>Estimated Time and Place of Delivery</u>
<u>General American Transportation Corp.</u>								
111A- 100W6 20,000 gal. capacity tank cars	T	GATX	Sharon, Pa.	6	3258-3263	\$129,000	\$ 774,000	July-Oct. 1980 F.O.B. Builder's Plant
105A- 400W 33,500 gal. capacity tank cars	T	GATX	Sharon, Pa.	58	8169-8226	\$ 81,034	\$4,700,000	July-Oct. 1980 F.O.B. Builder's Plant
105A- 600W 21,000 gal. capacity tank cars	T	GATX	Sharon, Pa.	22	4535-4556	\$ 95,818	\$2,108,000	July-Oct. 1980 F.O.B. Builder's Plant
105A- 300W 11,000 gal., capacity tank cars	T	GATX	Sharon, Pa.	31	4504-4534	\$ 52,935	\$1,641,000	July-Oct. 1980 F.O.B. Builder's Plant
<u>General Motors Corporation (Electro-Motive Division)</u>								
1000 h.p. diesel electric locomotives	SW1001	8070	McCook, Ill.	5	1001-1003 SWI-2	3 at \$500,000 2 at \$450,000	\$2,400,000	Dec. 1980 F.O.B. McCook, Ill.

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Builder's Specifi- cations</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Identi- fication Numbers (Both Inclusive)</u>	<u>Estimated Unit Base Price</u>	<u>Estimated Total Base Price</u>	<u>Estimated Time and Place of Delivery</u>
<u>ACF Industries, Incorporated</u>								
100 ton CF2980 cu. ft. covered hopper cars			Milton, Pa.	37	DOWX 2674-2710	\$ 42,243	\$1,600,000	July 1980 F.O.B. Builder's Plant

ANNEX C
TO
CONDITIONAL SALE
AGREEMENT

[CS&M Ref: 3626-011]

LEASE OF RAILROAD EQUIPMENT

Dated as of June 15, 1980

Between

THE DOW CHEMICAL COMPANY,

Lessee,

And

FIRST SECURITY STATE BANK,
not in its individual capacity,
but solely as Trustee,

Lessor.

TABLE OF CONTENTS

	<u>Page</u>
§ 1. Net Lease	L-2
§ 2. Delivery and Acceptance of Units	L-2
§ 3. Rentals	L-3
§ 4. Term of Lease	L-5
§ 5. Identification Marks	L-5
§ 6. Taxes	L-6
§ 7. Maintenance, Casualty Occurrences, Insurance and Termination.....	L-8
§ 8. Reports	L-14
§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification ...	L-14
§ 10. Default	L-17
§ 11. Return of Units upon Default	L-21
§ 12. Assignment; Possession and Use	L-22
§ 13. Renewal Option and Right of First Refusal	L-25
§ 14. Return of Units Upon Expiration of Term	L-27
§ 15. Recording	L-27
§ 16. Interest on Overdue Rentals	L-28
§ 17. Notices	L-28
§ 18. Severability; Effect and Modifica- tion of Lease	L-29
§ 19. Execution	L-29
§ 20. Law Governing	L-29
§ 21. No Guarantee of CSA Indebtedness or Residual Value	L-29
§ 22. No Recourse	L-30
Execution	L-30
SCHEDULE A Specifications of the Equipment	L-33
SCHEDULE B Casualty Values	L-34
SCHEDULE C Termination Values	L-36

LEASE OF RAILROAD EQUIPMENT dated as of June 15, 1980, between THE DOW CHEMICAL COMPANY, a Delaware corporation (the "Lessee"), and FIRST SECURITY STATE BANK, not individually but solely as Trustee (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with FIRST SECURITY BANK OF UTAH, N.A. (the "Owner").

The Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with GENERAL MOTORS CORPORATION (Electro-Motive Division), a Delaware corporation, GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation, and ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (the "Builders"), by which the Builders have agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (the "Equipment").

The Builders are assigning their respective interests in the Security Documentation to Mercantile-Safe Deposit and Trust Company, a Maryland banking corporation, acting as agent (together with its successors and assigns, and the Investors for whom it is acting, called the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Lessee, the Lessor and the party named in Schedule A thereto (the "Investor" and together with its successors and assigns the "Investors").

The Lessee desires to lease such number of units of the Equipment as are delivered and accepted under the CSA (the "Units") at the rentals and for the terms and upon the conditions hereinafter provided.

The Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (the "Consent").

The Lessee will indemnify the Lessor against certain losses, liabilities and expenses pursuant to an indemnity agreement (the "Indemnity Agreement") substantially in the form of Exhibit E to the Participation Agreement.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants herein-after mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease, and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the CSA, or against any Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. The Lessor will cause each Unit to be delivered to the Lessee at

the point or points within the United States of America at which such Unit is delivered to the Lessor under the CSA. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit, and the Lessee shall execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance"), in accordance with the provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the CSA pursuant to the first paragraph of Article 4 thereof shall be null and void and ineffective to subject such unit to this Lease. The inspection and acceptance by the Lessee of any Unit shall not in any way release any rights which the Lessee may have against the Builder thereof under any warranty relating to such Unit.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 40 consecutive semiannual payments payable on January 1 and July 1 of each year, commencing on July 1, 1981, to and including January 1, 2001. The 40 semiannual rental payments shall be each in an amount equal to the Semi-Annual Lease Factor (as hereinafter defined) of the Purchase Price (as defined in the CSA) of each Unit then subject to this Lease. As used herein the term "Semi-Annual Lease Factor" means (a) with respect to each of the first 20 semiannual rental payments, 4.9549% and (b) with respect to the last 20 semiannual rental payments, 6.0560% of the Purchase Price of each Unit then subject to this Lease. The Lessee acknowledges that the semi-annual rentals, Casualty Values and Termination Values have been computed without taking into account the costs and expenses that the Lessor is obligated to pay pursuant to clause (ii) of Paragraph 11 of the Participation Agreement, and any Investment Deficiency paid pursuant to the third paragraph of Paragraph 2 of the Participation Agreement and any payments paid by the Lessor pursuant to the last sentence in clause (b) of the first paragraph of Paragraph 8 of the Participation Agreement and any payments

to the Lessor pursuant to the last sentence of the second paragraph of said Paragraph 8. At such time as the full amount of such costs, expenses and payments are known to the Lessor, the Lessee agrees that semiannual rentals, Casualty Values and Termination Values shall be adjusted as may be necessary in the reasonable opinion of the Lessor so that the semiannual rentals, Casualty Values and Termination Values payable by the Lessee hereunder shall be sufficient to maintain the Lessor's after tax return on, and rate of recovery of, investment and total cash flows (computed on the same assumptions as utilized by the Lessor in originally evaluating this Lease) at the same level that would have been available to the Lessor before taking such costs, expenses and payments into account and so that the Lessor receives such costs, expenses and payments over the remaining original term of this Lease with interest at the rate of 11-5/8% per annum; it being agreed, however, that the fees and expenses of the Owner-Trustee and its counsel shall not be taken into account in making any such adjustment. In addition to the foregoing rentals, the Lessee agrees to pay the Lessor as additional rental an amount equal to the amount the Lessor is obligated to pay pursuant to clause (a) of the last paragraph of Paragraph 8 of the Participation Agreement, payable on the date such amount is paid by the Lessor.

Notwithstanding anything to the contrary set forth herein, the rentals, the Casualty Values (set forth in Schedule B hereto) and the Termination Values (set forth in Schedule C hereto) shall at all times be sufficient to satisfy the obligations of the Lessor under the CSA.

If any of the rental payment dates referred to above is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, San Francisco, California, Chicago, Illinois, Baltimore, Maryland, or Salt Lake City, Utah, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, including, but not limited to, the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor, for the account of the Lessor in care of the Vendor, with instructions to the Vendor first, to apply such payments to satisfy the obligations of the Lessor under the CSA, and second, so long as no event of default or event

which with the lapse of time and/or demand provided for in the CSA would constitute an event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in immediately available funds to the Vendor by 11:00 a.m., Vendor's time, on the date such payment is due.

All amounts earned in respect of the Units (including, without limitation, mileage charges) during the term of this Lease shall belong to the Lessee and, if received by the Lessor, shall be promptly turned over to the Lessee so long as no Default exists hereunder.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease or rescind its terms, all as provided therein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment under § 12 hereof.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one-half inch in height, the words "Ownership subject to a Security Agreement Filed with the Interstate Commerce Commission"

or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and interest in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any permitted sublessee; but the Lessee will not allow the name of any other person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any state franchise taxes and United States Federal net income tax payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being herein-after called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the CSA, all of which Impositions the Lessee assumes and agrees to pay before they become delinquent in addition to the payments to be made by it provided for herein. The Lessee will

also pay before they become delinquent all Impositions which may be imposed upon any Unit or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall not be under any obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or the Lessor or the Vendor under the CSA. The Lessee agrees to give the Lessor notice of such contest within 30 days after institution thereof, and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any Impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessor shall have given the Lessee written notice of such Imposition prior to such payment.

In the event that the Lessor shall become obligated to make any payment pursuant to Article 6 of the CSA to any Builder or the Vendor or otherwise pursuant to any correlative provision of the CSA, the Lessee shall pay such additional amounts (which shall also be deemed Impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

In the event any reports with regard to Impositions are required to be made, the Lessee will, where permitted so to do under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor as shall be reasonably satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Imposition, pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on the Lessor's behalf to perform such duties (but only with counsel reasonably satisfactory to the Lessor); provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor may reasonably require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance, Casualty Occurrences, Insurance and Termination. (a) The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

(b) In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, returned to the Builder pursuant to the patent indemnity provisions of the CSA, or taken or requisitioned by condemnation or otherwise (by an entity other than the United States Government) resulting in loss of possession by the Lessee for a period of 90 consecutive days, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such notice (the

"Casualty Date"), the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as defined in the next paragraph) of such Unit as of the date of such payment in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable under the circumstances on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale (after deduction of all selling costs) to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor. The Lessee shall be entitled to credit against the Casualty Value payable in respect of any Unit returned to the Builder pursuant to the patent indemnity provisions of the CSA in an amount equal to any payment made by the Builder to the Lessor in respect thereof under the CSA.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 25.0000% of the Purchase Price of such Unit.

In addition to the occurrences constituting a Casualty Occurrence under the first paragraph of this § 7(b), if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity and such taking or requisition shall not theretofore constitute a Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which

event the Lessee shall promptly and fully notify the Lessor with respect thereto and pay the Lessor on the last rental payment date an amount equal to 25.0000% of the Purchase Price of such Unit as the Casualty Value therefor (in addition to the rental in respect of such Unit accrued as of such date). Following such payment, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Casualty Value and any balance of such payments shall be the property of the Lessor. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then the Lessee shall dispose of such Unit as agent for the Trustee, and shall retain the proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value, and the balance of such proceeds shall be promptly paid to the Lessor. In the event such Unit shall be returned by the governmental entity following the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, such Unit shall be returned by the Lessee to the Lessor in the manner provided in § 14 hereof.

(c) In the event of the requisition for use by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the first and last paragraphs of (b) above); all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Lessor or the Lessee from the United States Government for the use of such Unit during the term of this Lease shall be paid over to or retained by the Lessee, provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing.

(d) Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

From the time any Unit is accepted by the Lessee to the end of the term of this Lease, Lessee shall:

(i) at its option, either provide insurance

coverage for, self insure, or self assume, in whole or in part, the risks of actual or constructive loss or damage to one or more of the Units up to the Casualty Value thereof, and

(ii) provide adequate public liability insurance (in limits of at least \$50,000,000) for personal injuries, death, or property damage resulting from the ownership, maintenance, use or operation of the Units.

Each of the insurance policies providing said coverage shall:

(i) name the Lessor and the Vendor as additional insureds as their respective interests may appear;

(ii) as between Lessee and Lessor and Vendor all such insurance shall be primary insurance and not excess over any other coverage which Lessor or Vendor, or both, may have; provided, however, nothing herein shall be deemed to require Lessee's insurance carriers to provide coverage for, or otherwise indemnify Lessor or Vendor for, any losses caused respectively by Lessor's or Vendor's own actions or negligence; and

(iii) provide that the policy may not be canceled or materially altered without 30 days' prior written notice to the Lessor and the Vendor.

The Lessee shall provide the Lessor and the Vendor with a certificate or certificates evidencing the aforesaid coverage prior to the first Closing Date (as defined in the CSA).

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor or the Vendor, upon notice to the Lessee, may, but shall not be obligated to, procure such insurance and the Lessee shall, upon demand, reimburse the Lessor and the Vendor for all expenditures made by the Lessor or the Vendor for such insurance, together with interest thereon computed at the maximum rate of interest permitted by law, but no more than 12-5/8% per annum, from the date of the Vendor's or the Assignee's payment until reimbursed by the Lessee.

(e) If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suf-

fering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value paid by the Lessee, and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon Lessee's notification to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

(f) In the event that the Lessee shall, in its reasonable judgment, determine that any Group (as hereinafter defined) of Units has become surplus to its need or obsolete in the Lessee's business, the Lessee shall have the right, at its option and on at least 90 days' prior written notice to the Lessor, to terminate (a "Termination") this Lease as to such Group as of any succeeding rent payment date specified in such notice (the "Termination Date"); provided, however, that (i) the Termination Date shall not be earlier than January 1, 1991, (ii) no Event of Default or other event which after the lapse of time or notice or both would become an Event of Default shall have occurred and be continuing and (iii) on the Termination Date each Unit in such Group shall be in the same condition as if being redelivered pursuant to § 14 hereof. For this purpose, the term "Group of Units" shall mean all Units with the same Builder's Specifications (as set forth in Schedule A hereto) subject to this Lease at the Termination Date.

During the period from the 30th day after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of all Units in such Group, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date the Lessor shall sell all Units in such Group for cash to the bidder who shall have submitted the highest bid prior to the Termination Date. The total sale price realized at each such sale shall be applied to the prepayment of the CSA Indebtedness in accordance with Article 7 of the CSA and any balance shall be retained by the Lessor.

On such Termination Date, the Lessee shall pay to the Lessor (i) the excess, if any, of the Termination Value for each such Unit computed as of such date over the sale price of such Unit after the deduction of all expenses incurred by the Lessor in connection with such sale, (ii) the rental payment due on such Termination Date and (iii) if the Termination is due to the Unit being surplus to the Lessee's need, an amount equal to the prepayment premium, if any, payable pursuant to Article 7 of the CSA on such date in respect of the CSA Indebtedness to be prepaid by the Lessor on such date. The Termination Value of each such Unit as of the payment date on which payment is to be made shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule C hereto opposite such date. In no event shall the aggregate amount retained by the Lessor and received by the Lessor as aforesaid be less than the Termination Value (as defined in the CSA) as of such date.

If no sale shall occur on the date scheduled therefor as provided above, this Lease shall continue in full force and effect without change unless and until the Lessee pays to the Lessor the Termination Value of each Unit subject to the Termination and returns each such Unit to the Lessor pursuant to § 14 hereof; provided, however, that this Lease shall not terminate as to any such Unit unless the CSA Indebtedness in respect of such Unit is prepaid on the Termination Date pursuant to Article 7 of the CSA.

In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Unit on each rental payment date shall continue to and including the Termination Date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Lessor's right, title and interest in and to such Unit to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any such sale shall be free and clear of all the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Lessor's acts.

If the Lessee shall exercise its option to terminate as to any Unit, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee

given 90 days after the termination notice is given to the Lessor, elect to retain such Unit, in which case the Lessee shall not be obligated to pay the Termination Value to the Lessor; provided, however, that this Lease shall not terminate as to such Unit unless the CSA Indebtedness in respect of such Unit is prepaid on the Termination Date pursuant to Article 7 of the CSA. In the event the Lessor shall so elect to retain such Unit, the Lessee shall deliver such Unit to the Lessor in accordance with the provisions of § 14 hereof.

§ 8. Reports. On or before April 30 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the CSA, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the CSA have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the

account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against any Builder under the provisions of Items 3 and 4 of Annex A of the CSA and any proceeds received by the Lessor in respect thereof shall be immediately paid over to the Lessee; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may upon written notice to the Lessee assert and enforce, at the Lessee's sole cost and expense, such claims and rights and receive the benefits of any such proceeds. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee shall notify Lessor of, and shall, at the Lessee's sole cost and expense, make or provide all improvements, alterations, modifications, additions, attachments, or other equipment, or changes (hereinafter collectively called "Improvements") to the Units or any of them deemed necessary or desirable by any Federal, state or local governmental body or agency or the interchange rules of the Association of American Railroads (hereinafter called "legally required Improvements"). Any legally required Improvement and any other Improvements which are not readily removable without causing material damage to a Unit (hereinafter called "nonseverable Improvements") shall be and immediately become the property of Lessor and subject to the terms of the Lease. So long as Lessee is not in default hereunder, Lessee may, upon notice to Lessor, at Lessee's sole cost and expense, make other nonseverable Improvements to a Unit, which are not legally required Improvements; provided (1) the value of the Unit is not reduced thereby, (2) such Improvements

will not cause the Unit to become limited use property, or materially alter or reduce its general usefulness, (3) such Improvements will not increase the productivity or capacity of the Unit in excess of 25%, and (4) the cumulative deflated cost (as defined in Rev. Proc. 79-48) of any and all such nonseverable Improvements, exclusive of any legally required Improvements involving compliance with health, safety and environmental standards does not exceed 10% of the Lessor's cost of each Unit. So long as Lessee is not in default hereunder, Lessee may, upon notice to Lessor, at Lessee's sole cost and expense, make other readily removable Improvements to a Unit provided that such Improvements do not cause material damage to the Unit or reduce its value or general usefulness. Any such readily removable Improvements shall remain the property of Lessee and be removed by Lessee, at its expense, upon or prior to return of any Unit to the Lessor pursuant to § 11 or § 14 hereof, and if not so removed by Lessee may be removed by Lessor without liability to Lessee therefor. Any and all costs of removal and repair shall be for Lessee's account. Lessor is hereby granted a security interest in and to any such readily removable Improvements to secure all of Lessee's obligations hereunder. Nothing herein shall be deemed to preclude Lessor and Lessee from negotiating the lease financing hereunder for any proposed Improvements.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (both individually and in its trust capacity), the Owner and the Vendor from and against all losses, damages, injuries, liabilities, (including, without limitation, strict liability in tort) claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the CSA, the Participation Agreement or this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 14 of this Lease or the transfer of title to the Equipment by the Vendor pursuant to any provision of the CSA. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all other obligations under this Lease

or the expiration or termination of the term of this Lease. To the extent the Lessee is required to provide protection or indemnification hereunder, the Lessee may select counsel (which will be reasonably acceptable to the Lessor) and direct counsel's actions in respect thereof.

The indemnities contained in this § 9 shall not extend to any loss, damage, injury, liability, claim, demand, cost, charge or expense incurred by any indemnified party (a) caused by the wilful misconduct or gross negligence of such indemnified party, (b) resulting from acts or events with respect to any Unit which commence after such Unit has been returned to the Lessor in accordance with § 14 hereof, (c) caused by the violation by such indemnified party of any banking, investment, insurance or securities law, rule or regulation applicable to it (unless such violation shall be the result of any written misrepresentation, violation or act of the Lessee), (d) arising from the breach of an express duty, obligation, representation or warranty of such indemnified party made herein or in any of the documents related to the transactions contemplated hereby, or (e) which is related to the lien, charge, security interest or other encumbrance which the Lessee is not required by § 12 hereof to discharge or in any of the other documents related to the transactions contemplated hereby to be borne by such indemnified party.

Upon request by the Lessor, the Lessee will prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns except as required by the provisions of § 6 hereof) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. default shall be made in payment of any amount provided for in § 3, 7 or 13 hereof, and such default shall continue for 10 days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement or in the Indemnity Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. any representation or warranty made by the Lessee herein or in the Participation Agreement or in the Indemnity Agreement or in any certificate or statement furnished to the Lessor pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof;

E. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Consent, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Participation Agreement and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

F. an event of default set forth in Article 15 of the CSA shall have occurred as a result of any default by the Lessee in performing any of its obligations hereunder or under the Consent;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee (specifically identifying the Event of Default) terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction but applying any proceeds (net of expenses as determined by the Lessor) arising therefrom against the liabilities of the Lessee herein; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of a bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination

to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this subparagraph (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to

make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

The Lessee agrees to furnish the Vendee and the Vendor, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this paragraph, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and meet the standards then in effect of the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee or any of its affiliates or, at the expense of the Lessee, on any other storage tracks, as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on any lines of railroad or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which .0324016% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the

Lessor to the Vendor or a lender as security for a loan but not otherwise without the prior written consent of the Lessee which consent shall not be unreasonably withheld, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 9 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns including the Vendor, except as may be limited in any assignment thereof.

So long as the Lessee shall not be in default under this Lease the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor and the Vendor, neither of which shall be unreasonably withheld, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except, and then only so long as the Lessee shall not then be in default under this Lease (and subject to this Lease and to the rights of the Lessor hereunder, and without releasing the Lessee from its obligations hereunder), to an Affiliate, or under a written sublease to a railroad classified by the Interstate Commerce Commission as a Class I railroad or to a responsible company, as determined by the Lessee, subject in each case to the written consent of the Lessor and the Vendor, neither of which shall be unreasonably withheld; and the Lessee shall not, without such written consent, except as provided in this § 12 part with the possession of, or suffer or allow to pass out of its possession or control, any of the Units. For the purpose of this § 12, "Affiliate" shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, the Lessee. For the purposes of this definition, "control (including controlled by and under common control with)", as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise. Every such sublease shall expressly subject the rights of the sublessee under such sublease to the rights of the Lessor in respect of the Units covered by such sublease in the event of the happening of an Event of Default. The Lessee, at its own expense, will promptly

pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any Affiliate upon lines of railroad owned or operated by it or any such Affiliate or upon lines over which the Lessee or any such Affiliate has or obtains trackage or other operating rights or over which railroad equipment of the Lessee or any such Affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the United States of America. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent (as defined in the CSA)) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in

default under any provision of this Lease.

§ 13. Renewal Option and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than 180 days prior to the end of the original term elect to extend the term of this Lease in respect of all (but not fewer than all) the Units in any Group of Units (as defined in § 7 hereof) then covered by this Lease, on a year-to-year basis at a semiannual rental of 2.65105% of the Purchase Price of each Unit then subject to this Lease, payable in semiannual payments on each semiannual anniversary of the original term; provided, however, that no such extended lease term shall extend for a period which exceeds 80% of (x) the total Appraised Useful Life (as hereinafter defined) of the Units in such Group from January 1, 1981, less (y) the basic lease term of 20 years (such period being hereinafter called the "Maximum Extended Term"). Appraised Useful Life shall mean the useful life of the Units in such Group from January 1, 1981, determined by an independent appraiser as of the end of the basic lease term of 20 years appointed by the Lessee with the approval of the Lessor. If no such appointment or approval is made or given within 60 days after the written notice of extension of this Lease by the Lessee, each party shall appoint an independent appraiser within 65 business days after such notice is given, and the two appraisers so appointed shall within 75 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 75 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Appraised Useful Life subject to the proposed extended term within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of the Appraised Useful Life of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser or engineer which differs most from the other two shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Appraised

Useful Life. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Appraised Useful Life and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

The extended term of this Lease may be terminated by the Lessee by written notice to the Lessor given not less than 90 days prior to the January 1 of any year commencing with the year 2002; otherwise this Lease in respect of the Units subject to the extended term shall be deemed to continue until the December 31 immediately preceding the end of the Maximum Extended Term or, if the Maximum Extended Term ends on a December 31, such December 31.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Lessor elects to sell any Units to third parties within a period of one year after the expiration of the original or any extended term of this Lease, the Lessee shall be given 60 days' prior written notice of such intention prior to the expiration of such period. In the event that during such one-year period the Lessor shall receive a bona fide offer from another party unrelated to the Lessee to purchase the Units and the Lessor elects to sell the Units pursuant to such offer, the Lessor shall give prompt written notice to the Lessee of such offer. Such notice shall include the price and the terms and conditions of payment offered by the other party to the Lessor. The Lessee shall have the sole right and option to purchase the Units for cash at the price at which the Units are proposed to be sold or under the other terms and conditions of payment offered by the other party. The Lessee may exercise such purchase right by delivery to the Lessor of a written notice within 15 days of receipt of notice of the proposed sale from the Lessor specifying a date of purchase, which date shall not be later than 20 days after the date of delivery of such notice by the Lessee to the Lessor.

§ 14. Return of Units upon Expiration of Term.

As soon as practicable but not longer than 60 days after the expiration of the original or extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of each Unit to the Lessor upon such storage tracks of the Lessee (at not more than three locations) as the Lessee may designate and permit the Lessor to store such Unit on such tracks for a period not exceeding 90 days and transport the same, at any time within such 90-day period, to the nearest railroad interconnection, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will, at its own cost and expense, insure, maintain and keep each Unit in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards in effect upon the expiration of this Lease under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

In the event any Unit is not assembled, delivered and stored as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which (x) the product of (i) a fraction the numerator

of which is $11\frac{5}{8}\%$ and the denominator of which is 360 and (ii) the Purchase Price of such Unit exceeds (y) the actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the CSA and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the CSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA and the assignment thereof to the Vendor; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the CSA shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to the greater of (a) $12\frac{5}{8}\%$ per annum or (b) the rate per annum equal to the fluctuating base rate charged by the Owner for 90-day loans to substantial and responsible commercial borrowers as such base rate shall change from time to time, each change in such rate to become effective on the effective date of each change in such base rate as announced by the Owner, on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be in writing and effective upon delivery, addressed as follows:

(a) if to the Lessor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department;

(b) if to the Lessee, at 2020 Dow Center, Midland, Michigan 48640, Attention of Treasurer-Dow Chemical, U.S.A.;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor at Two Hopkins Plaza, Baltimore, Maryland 21203, attention of Corporate Trust Department, with a copy to the Investor at its address set forth in Schedule A of the Participation Agreement.

§ 18. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Except for the Participation Agreement and the Indemnity Agreement, this Lease exclusively and completely states the rights and obligations of the Lessor and the Lessee with respect to the leasing of the Units and supercedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 19. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original, and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 20. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed

by the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

§ 21. No Guarantee of CSA Indebtedness or Residual Value. Nothing in this Agreement is intended or shall be construed to constitute a guarantee by the Lessee of the CSA Indebtedness of the Vendee under the CSA or a guarantee of the residual value of any Unit.

§ 22. No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Lessor, or for the purpose or with the intention of binding the Lessor personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Lessor solely in the exercise of the powers expressly conferred upon the Lessor as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessor or the Owner (except as provided in the last paragraph of Article 12 of the CSA and Section 1.03 of the Trust Agreement) on account of any representation, undertaking or agreement herein of the Lessor, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

THE DOW CHEMICAL COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

by the laws of the State of Michigan; provided, however,
that the parties shall be entitled to all rights conferred
by 49 U.S.C. § 11303.

§ 21. No Guarantee of CSA Indebtedness or
Residual Value. Nothing in this Agreement is intended or
shall be construed to constitute a guarantee by the Lessee
of the CSA Indebtedness of the Vendee under the CSA or
a guarantee of the residual value of any Unit.

§ 22. No Recourse. It is expressly understood and
agreed by and between the parties hereto, anything herein to
the contrary notwithstanding, that each and all of the
representations, undertakings and agreements herein made on
the part of the Lessor are each and every one of them made
and intended not as personal representations, undertakings
and agreements by the Lessor, or for the purpose or with the
intention of binding the Lessor personally, but are made and
intended for the purpose of binding only the Trust Estate as
such term is used in the Trust Agreement, and this Lease is
executed and delivered by the Lessor solely in the exercise
of the powers expressly conferred upon the Lessor as trustee
under the Trust Agreement; and that no personal liability or
personal responsibility is assumed by or shall at any time be
asserted or enforceable against the Lessor or the Owner (except
as provided in the last paragraph of Article 12 of the CSA and
Section 1.03 of the Trust Agreement) on account of any repre-
sentation, undertaking or agreement herein of the Lessor,
either expressed or implied, all such personal liability, if
any, being expressly waived and released by the Lessee and by
all persons claiming by, through or under the Lessee.

IN WITNESS WHEREOF, the parties hereto have
executed or caused this instrument to be executed as of
the date first above written.

THE DOW CHEMICAL COMPANY,

by

E. J. Williams
Erney L. Sloan
HIS ATTORNEY IN FACT
Vice President

[Corporate Seal]

Attest:

L. J. Kuerlein
Assistant Secretary

FIRST SECURITY STATE BANK, not
in its individual capacity, but
solely as Trustee,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

STATE OF MICHIGAN,)
) ss.:
COUNTY OF MIDLAND,)

On this 11th day of July, 1980 before me personally appeared Emery L. Stora, to me personally known, who, being by me duly sworn, says that he is a Vice President of THE DOW CHEMICAL COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

^ Attorney-in-fact for

Rita A. Bastos
Notary Public

[Notarial Seal]

My Commission expires

RITA A. BARTOS
Notary Public, Midland County, Michigan
My Commission Expires March 21, 1983

[illegible]

On this day of 1980 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an authorized officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF MICHIGAN,)
) ss.:
COUNTY OF MIDLAND,)

On this day of 1980 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THE DOW CHEMICAL COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

[illegible]

On this day of 1980 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an authorized officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE
Specifications of the Equipment

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Builder's Specifi- cations</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Identification Numbers (Both Inclusive)</u>	<u>Estimated Unit Base Price</u>	<u>Estimated Total Base Price</u>	<u>Estimated Time and Place of Delivery</u>
<u>General American Transportation Corp.</u>								
111A-100W6 20,000 gal. capacity tank cars	T	GATX	Sharon, Pa.	6	3258-3263	\$129,000	\$ 774,000	July-Oct. 1980 f.o.b. Builder's Plant
105A-400W 33,500 gal. capacity tank cars	T	GATX	Sharon, Pa.	58	8169-8226	\$ 81,034	\$4,700,000	July-Oct. 1980 f.o.b. Builder's Plant
105A-600W 21,000 gal. capacity tank cars	T	GATX	Sharon, Pa.	22	4535-4556	\$ 95,818	\$2,108,000	July-Oct. 1980 f.o.b. Builder's Plant
105A-300W 11,000 gal. capacity tank cars	T	GATX	Sharon, Pa.	31	4504-4534	\$ 52,935	\$1,641,000	July-Oct. 1980 f.o.b. Builder's Plant
<u>General Motors Corporation (Electro-Motive Division)</u>								
1,000 h.p. diesel electric locomotives	SW 1001	8070	McCook, Illinois	5	1001-1003 SW 1-2	3 @ \$500,000 2 @ \$450,000	\$2,400,000	Dec. 1980 f.o.b. McCook, Ill.
<u>ACF Industries, Incorporated</u>								
100 Ton CF 2980 cu.ft. covered hopper cars			Milton, Pa.	37	DOWX 2674-2710	\$ 43,243	\$1,600,000	July 1980 f.o.b. Builder's Plant

SCHEDULE B TO LEASE

Casualty Values

<u>Payment Date</u>	<u>Percentage</u>
Jan. 1 81	104.2935
July 1 81	108.9511
Jan. 1 82	109.8461
July 1 82	112.2768
Jan. 1 83	112.2395
July 1 83	114.5148
Jan. 1 84	113.6844
July 1 84	115.7747
Jan. 1 85	114.2240
July 1 85	116.1048
Jan. 1 86	113.9098
July 1 86	115.5623
Jan. 1 87	112.8027
July 1 87	114.2150
Jan. 1 88	110.9746
July 1 88	112.1425
Jan. 1 89	108.5101
July 1 89	109.4388
Jan. 1 90	105.5099
July 1 90	106.2234
Jan. 1 91	102.1130

Casualty Values

<u>Payment Date</u>	<u>Percentage</u>
July 1 91	101.5295
Jan. 1 92	96.1881
July 1 92	95.2744
Jan. 1 93	89.8698
July 1 93	88.6222
Jan. 1 94	83.1820
July 1 94	81.5838
Jan. 1 95	76.1048
July 1 95	74.1364
Jan. 1 96	68.6178
July 1 96	66.2589
Jan. 1 97	60.6999
July 1 97	57.9294
Jan. 1 98	52.3294
July 1 98	49.1253
Jan. 1 99	43.4837
July 1 99	39.8232
Jan. 1 00	34.2187
July 1 00	30.3123
Jan. 1 01	25.0014

SCHEDULE C TO LEASE

Termination Values

<u>Payment Date</u>	<u>Percentage</u>	
	<u>Surplus*</u>	<u>Obsolete</u>
Jan. 1 81		104.2935
July 1 81		108.9511
Jan. 1 82		109.8461
July 1 82		112.2768
Jan. 1 83		112.2395
July 1 83		114.5148
Jan. 1 84		113.6844
July 1 84		115.7747
Jan. 1 85		114.2240
July 1 85		116.1048
Jan. 1 86		113.9098
July 1 86		115.5623
Jan. 1 87		112.8027
July 1 87		114.2150
Jan. 1 88		110.9746
July 1 88		112.1425
Jan. 1 89		108.5101
July 1 89		109.4388

* No right to terminate due to surplus for the first 10 years of the lease.

SCHEDULE C TO LEASE

Termination Values

<u>Payment Date</u>	<u>Percentage</u>	
	<u>Surplus*</u>	<u>Obsolete</u>
Jan. 1 90		105.5099
July 1 90		106.2234
Jan. 1 91	104.7878	102.1130
July 1 91	104.0898	101.5295
Jan. 1 92	98.3347	96.1881
July 1 92	97.3391	95.2744
Jan. 1 93	91.6232	89.8698
July 1 93	90.3048	88.6222
Jan. 1 94	84.5425	83.1820
July 1 94	82.8808	81.5838
Jan. 1 95	77.1484	76.1048
July 1 95	75.1227	74.1364
Jan. 1 96	69.3453	68.6178
July 1 96	66.9386	66.2589
Jan. 1 97	61.1861	60.6999
July 1 97	58.3764	57.9294
Jan. 1 98	52.5919	52.3294
July 1 98	49.3608	49.1253

* No right to terminate due to surplus for the first 10 years of the lease.

SCHEDULE C TO LEASE

Termination Values

<u>Payment Date</u>	<u>Percentage</u>	
	<u>Surplus*</u>	<u>Obsolete</u>
Jan. 1 99	43.5967	43.4837
July 1 99	39.9130	39.8232
Jan. 1 00	34.2187	34.2187
July 1 00	30.3123	30.3123
Jan. 1 01	25.0000	25.0014

* No right to terminate due to surplus for the first 10 years of the lease.

ANNEX D
to the
Conditional Sale Agreement

[CS&M Ref: 3626-011]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of June 15, 1980

Between

FIRST SECURITY STATE BANK, not in its
individual capacity but solely as
Trustee under a Trust Agreement dated
as of the date hereof with the First
Security Bank of Utah, N.A.,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
As Agent.

ASSIGNMENT OF LEASE AND AGREEMENT
dated as of June 15, 1980 (this "Assignment"), by and between FIRST SECURITY STATE BANK, not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called the "Lessor" or the "Vendee") acting under a Trust Agreement dated as of the date hereof ("Trust Agreement"), with FIRST SECURITY BANK OF UTAH, N.A. ("Owner"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (together with its successors and assigns the "Vendor") under a Participation Agreement dated as of the date hereof.

The Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with General Motors Corporation (Electro-Motive Division), General American Transportation Corporation and ACF Industries, Incorporated (the "Builders"), providing for the sale to the Vendee of such units of railroad equipment (the "Units") described in the Annex thereto as are delivered to and accepted by the Vendee thereunder.

The Lessor and The Dow Chemical Company ("the Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing of the Units to the Lessee by the Lessor.

In order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in Article 4 of the CSA), the Lessor agrees to assign to the Vendor for security purposes the Lessor's rights in, to and under the Lease.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the

payment and performance of the obligations of the Lessor as Vendee under the CSA, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease (except any amounts of indemnity payable to the Lessor pursuant to § 6 or 9 of the Lease or the Indemnity Agreement dated as of the date hereof between the Lessee and Lessor), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty or termination payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease; and to the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA, and, so long as no event of default shall have occurred and be continuing under the CSA, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor by check mailed to the Lessor on such date or, upon written request of the Lessor, by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor; provided, however, that, unless and until the Vendor shall otherwise direct the Lessee in writing pursuant to Paragraph (1) of the attached Consent and Agreement, the Lessee may pay directly to the Lessor that portion of the Payments not required from time to time to satisfy the obligations of the Lessor under the CSA. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease or any payment under § 7 of

the Lease when due, the Vendor shall forthwith notify the Lessor by telephone (confirmed in writing) or telegraph at the address set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease, and the Lessor agrees that any amendment modification or termination thereof without consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise) to ask, require, demand, receive and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. The Lessor will pay and discharge any and all taxes, claims, liens, charges or security interests (other than created by the CSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the CSA or the Lease (but including income taxes arising out of rentals and any other payments under the Lease and any other proceeds of the Equipment) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals, other payments or proceeds, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law as reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Utah, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor

at Two Hopkins Plaza, Baltimore, Maryland 21203, Attention of Corporate Trust Department, or such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no Event of Default under the Lease or event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Lessor may, so long as no such event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of subparagraph (a) of the first paragraph of § 10 of the Lease; provided, however, that the Lessor shall not, without the prior written consent of the Vendor, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of subparagraph (b) of said § 10.

12. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

It is expressly agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by the financial institution acting as Lessor hereunder or for the purpose or with the intention of binding said financial institution personally but are made and intended for the purpose of binding only the Trust Estate as that term is used in the Trust Agreement and this Assignment is executed and delivered by the Lessor

solely in the exercise of the powers expressly conferred upon the Lessor under the Trust Agreement; and that no personal liability or responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution or the Owner on account of any representation, undertaking or agreement hereunder of said financial institution, acting in its capacity as Lessor or the Owner, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Agent and by all persons claiming by, through or under the Agent; provided, however, that the Agent or any person claiming by, through or under the Agent, making claim hereunder, may look to the Trust Estate for satisfaction of the same.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names, by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

[Seal]

FIRST SECURITY STATE BANK, not
in its individual capacity,
but solely as Trustee,

Attest:

by

Authorized Officer

Authorized Officer

[Seal]

MERCANTILE-SAFE DEPOSIT & TRUST
COMPANY,

by

Assistant Vice President

[Corporate Seal]

Attest:

Corporate Trust Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1980, before me
personally appeared
to me personally known, who, being by me duly sworn, says
that he is an Authorized Officer of FIRST SECURITY STATE
BANK, that one of the seals affixed to the foregoing
instrument is the seal of said bank and that said instru-
ment was signed and sealed on behalf of said bank by
authority of its Board of Directors, and he acknowledged
that the execution of the foregoing instrument was the
free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of 1980, before me
personally appeared
to me personally known, who being by me duly sworn, say
that he is an Assistant Vice President, of MERCANTILE-SAFE
DEPOSIT AND TRUST COMPANY, that one of the seals affixed to
the foregoing instrument is the corporate seal of said
corporation and that said instrument was signed and sealed on
behalf of said corporation by authority of its Board of
Directors, and they acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.

Notary Public

[Notarial Seal]

My Commission expires

CONSENT AND AGREEMENT

The undersigned, THE DOW CHEMICAL COMPANY, a Delaware corporation (the "Lessee"), the Lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty and termination payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys, other than amounts that are not assigned under the Lease Assignment, are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units leased thereunder, to the extent such Payments are required to satisfy the obligations of the Lessor under the CSA (as defined in the Lease), by transfer of immediately available funds directly to Mercantile-Safe Deposit and Trust Company, as Agent (the "Vendor"), the assignee named in the Lease Assignment by 11:00 a.m. Baltimore time, on the date such payment is due, by bank wire transfer of immediately available funds to The Annapoolis Banking and Trust Company, Main Street and Church Circle, Annapolis, Maryland, for credit to the Agent's Account No. 52076-1, with a request that The Annapolis Banking and Trust Company advise Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, that the funds are "RE: DOW 6/15/80" (or at such other address as may be furnished in writing to the Lessee by the Vendor); any balance shall be paid by the Lessee to the Lessor (by check at its address set forth in § 17 of the Lease, or at such other place and in such other manner as the Lessor may indicate to the Lessee in writing) unless and until the Vendor shall otherwise direct the Lessee in writing;

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, which accepted by the Vendor by signing the Acceptance at the foot hereof, shall be deemed to be a contract under the laws of Michigan and, for all purposes, shall be construed in accordance with the laws of said State.

THE DOW CHEMICAL COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of June 1980.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by

Assistant Vice President